

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

TRANSMITTAL NUMBER:

0 3 - 0 0 - 9

Indiana

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2003

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 USC 1396r-4(g)(2)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, pgs 6, 6.1(a) &amp; 12

7. FEDERAL BUDGET IMPACT:

a. FFY 2003 \$ 0

b. FFY 2004 \$ 0

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 4.19-A, pgs 6 &amp; 12

10. SUBJECT OF AMENDMENT:

increase DSH Hospital Specific limit for public hospitals to 175% for eligible years

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Melanie Bella

q

14. TITLE:

Assistant Secretary, OMPP

15. DATE SUBMITTED:

8/27/03

16. RETURN TO:

Melanie Bella, Assistant Secretary  
Indiana Office of Medicaid Policy & Planning  
402 W. Washington, Room W382  
Indianapolis, IN 46204  
ATTN: T Brunner, State Plan Coordinator

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

08/10/2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

07/01/03

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

23. REMARKS:

RECEIVED

AUG 29 2003

DMCH - IL/IN/OH

- (L) For purposes of eligibility, utilization rate and payment adjustment determinations for State fiscal years ending after June 30, 1997, "utilization and revenue data from the most recent year for which an audited cost report is on file" means utilization and revenue data from the most recent cost report which is on file for each individual provider as of June 30 of the state fiscal year immediately preceding the fiscal year for which the determination of eligibility of the calculation or rates or the calculation of payment adjustments is being made, and which has been audited prior to the date on which the determination or calculation is made.
- (M) For purposes of calculating DSH eligibility, audited is defined as a targeted limited scope desk review where the data used for DSH calculations is thoroughly reviewed and adjusted where necessary.
- (N) "Non-State Government-Owned or Operated Hospital" means a health care facility providing inpatient and outpatient hospital services that is (1) licensed as an acute care hospital under Indiana Code 16-21; and (2) is established and operated as a non-state governmental hospital under Indiana Code 16-22-2, Indiana Code 16-22-8 or Indiana Code 16-23.

TN No. 03-009  
Supersedes  
TN No. 00-004

Approval Date AUG 10 2004

Effective Date July 1, 2003

### III. PAYMENT ADJUSTMENTS

#### A. Inpatient Disproportionate Share Payment Adjustment

Disproportionate Share Hospitals shall receive, in addition to their allowable regular claims payments and any other payment adjustments to which they are entitled, a disproportionate share payment adjustment calculated in the following manner:

- (1) For each of the state fiscal years ending after June 30, 1995, a pool not exceeding two million dollars (\$2,000,000) shall be distributed to all qualified private psychiatric DSH's licensed by the director of the state department of health to provide private institutional psychiatric care, whose Medicaid inpatient utilization rates are at least one (1) standard deviation above the statewide mean Medicaid inpatient utilization rate for providers receiving Medicaid payments in Indiana and/or whose low income utilization rate exceeds twenty-five percent (25%). The funds in this pool must be distributed to the qualifying hospitals in the proportion that each qualifying hospital's Medicaid inpatient utilization rate bears to the total of the Medicaid inpatient utilization rates of all hospitals in the pool as determined based on data from the most recent year for which an audited cost report is on file with the office for each potentially eligible hospital. In no instance will any hospital in this pool be entitled to disproportionate share amounts that when added to the hospital's other Medicaid payments yield a combined total reimbursement that exceeds 100% of the hospital's allowable cost of delivering Medicaid and uninsured care. DSH payments that are retrospectively determined to exceed this cap of 100% of allowable cost shall be recovered with interest by the office.
- (2) For each state fiscal year ending on or after June 30, 1995, a pool not exceeding one hundred ninety-one million dollars (\$191,000,000) shall be distributed to all state mental health DSH's whose inpatient utilization rates are at least one (1) standard deviation above the statewide mean Medicaid inpatient utilization rate for providers receiving Medicaid payments in Indiana or whose low income utilization rate exceeds twenty-five percent (25%). The fund in this pool must be distributed to the qualifying hospitals in the proportion that each hospital's low income utilization rate, multiplied by total Medicaid days, bears to the product of the same factors of all hospital in the pool using data from the most recent year for which an audited cost report is on file with the office for each potentially eligible hospital.

## F. Hospital Specific Limit on Disproportionate Share Payments

1. Total disproportionate share payments to a provider shall not exceed the hospital specific limit provided under 42 U.S.C. 1396r-4(g). The hospital specific limit for a state fiscal year shall be determined by the office taking into account data provided by each hospital that is considered reliable by the office based on a system of periodic audits, and the use of trending factors applied to such data. The office may require independent certification of data provided by a hospital or other qualifying provider to determine the provider's hospital specific limit. Each hospital's "hospital specific limit" is the sum of all costs for services provided to uninsured patients, less any cash payments made by them, and all costs for services provided to Medicaid patients, less the amount paid by the State under the non-DSH payment provisions of the State Plan.
2. Notwithstanding the foregoing, for SFYs beginning after June 30, 2003 and to the extent permitted under Section 701(c) of the Benefits Improvement Act (BIPA) of 2000, Section 1(a)(6) of Public Law 106-554, a Non-State Government-Owned or Operated Hospital will receive a DSH payment which shall not exceed 175% of its hospital-specific limit. The amount paid to each hospital is contingent upon available room under Indiana's statewide disproportionate share allocation as limited by 42 USC 13964-4(f). If the amount of state matching funds available is not sufficient to pay each hospital its full amount as determined by the office, the amount paid to each hospital will be reduced proportionately.

## G. State Limit on Disproportionate Share Payments

1. For the state fiscal year ending June 30, 2000, if the state exceeds the state disproportionate share allocation (as defined in 42 USC 1396r-4(f)(2)) or the state limit on disproportionate share expenditures for institutions for mental disease (as defined in 42 U.S.C. 13964-4(b)), the state shall pay providers as follows:
  - (1) The state shall make disproportionate share provider payments to municipal disproportionate share providers qualifying under Section II.(G) of this plan, until the state exceeds the state disproportionate share allocation. The total amount paid to the municipal disproportionate share providers under this plan for the state fiscal year ending June 30, 2000, may not exceed twenty-two million dollars (\$22,000,000), except as provided elsewhere in this section.
  - (2) After the state makes all payments under subdivision (1), if the state fails to exceed the state disproportionate share allocation, the state shall make community mental health center disproportionate share provider payments to providers qualifying under section II.(H) of this plan. The total paid to the qualified community mental health center disproportionate share providers under section 9(a) of this chapter, may not exceed six million dollars (\$6,000,000) for the state fiscal year ending June 30, 2000, except as provided elsewhere in this section.
  - (3) After the state makes all payments under subdivision (2), if the state fails to exceed the state disproportionate share allocation, the state shall make disproportionate share provider payments to acute care hospitals licensed under IC 16-21 and qualifying under section II.(E) of this plan.

AUG 10 2004